

## Message Text

UNCLASSIFIED

PAGE 01 STATE 184128

43

ORIGIN SCI-06

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CEA-02 CIAE-00

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FEAE-00 /236 R

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DRAFTED BY SCI/EN:HBENGELSDORF/COMMERCE:BCAVITT:EF

APPROVED BY SCI/EN:WTRUEHEART

CEQ:ELUBENSKY (SUBS)

EPA:RPORTER (SUBS)

L/OES:JCROOK (SUBS)

EUR/RPE:DLAMB (SUBS)

EA/J:CDUNKERLEY (SUBS)

EB/OTSTA:RWINSTANLEY (SUBS)

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

UNCLAS STATE 184128

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PAGE 02 STATE 184128

TAGS: SENV, OECD

SUBJ: OECD ENVIRONMENT COMMITTEE--ACTION PROPOSAL  
REGARDING POLLUTER PAYS PRINCIPLE

REF: PARIS 16552

BEGIN SUMMARY. FOLLOWING IS OPERATIVE TEXT SUBJECT ACTION PROPOSAL THAT USG WOULD FAVOR SEEING OECD ENV COMMITTEE ADOPT AT FORTHCOMING MEETING. LANGUAGE REFLECTS INPUT JULY DRAFTING GROUP, EARLIER JAPANESE AMENDMENTS, LATEST U.S. PROPOSALS COVERING CONDITIONS FOR EXEMPTING NEW PLANTS AND SOME MINOR REORDERING DESIGNED TO PERFECT TEXT. THE PREAMBLE AND UNNECESSARY WORDS ARE OMITTED. END SUMMARY.

BEGIN TEXT. ENVIRONMENT COMMITTEE

I. REAFFIRMS THAT:

1. POLLUTER PAYS PRINCIPLE CONSTITUTES FOR MEMBER COUNTRIES A FUNDAMENTAL PRINCIPLE FOR ALLOCATING COSTS OF POLLUTION PREVENTION AND CONTROL MEASURES DETERMINED BY THE PUBLIC AUTHORITIES IN MEMBER COUNTRIES:

2. THE PPP, AS DEFINED BY THE GUIDING PRINCIPLES CONCERNING THE INTERNATIONAL ECONOMIC ASPECTS OF

ENVIRONMENTAL POLICIES (C(72)128) MEANS POLLUTER SHOULD BEAR EXPENSES OF CARRYING OUT MEASURES, AS SPECIFIED IN PREVIOUS PARAGRAPH, TO ENSURE ENVIRONMENT IS IN ACCEPTABLE STATE. IN OTHER WORDS, THE COST OF THESE MEASURES SHOULD BE REFLECTED IN COST OF GOODS AND SERVICES WHICH CAUSE POLLUTION IN PRODUCTION AND/OR CONSUMPTION.

3. UNIFORM APPLICATION OF THIS PRINCIPLE, THROUGH THE ADOPTION OF A COMMON BASIS FOR MEMBER COUNTRIES' ENVIRONMENTAL POLICIES, SHOULD PREVENT APPEARANCE OF DISTORTIONS IN INTERNATIONAL TRADE AND INVESTMENT.

II. RECOMMENDS:

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PAGE 03 STATE 184128

1. THAT IN EFFORT ACHIEVE ENVIRONMENTAL OBJECTIVE IN MOST EFFICIENT MANNER AND ALSO AVOID SIGNIFICANT DISTORTIONS IN INTERNATIONAL TRADE, MEMBER GOVERNMENTS SHOULD NOT GRANT FINANCIAL ASSISTANCE TO POLLUTERS, WHETHER IN FORM OF SUBSIDIES, TAX ADVANTAGES OR OTHER FACILITIES;

2. THAT EXCEPTIONS TO THE PRINCIPLE SHOULD BE TRANSITIONAL IN NATURE AND LIMITED TO THE CIRCUMSTANCES DES-

CRIBED BELOW:

(A) IN CERTAIN CIRCUMSTANCES A SPEEDY OR A SUDDEN AND VERY EXTENSIVE IMPLEMENTATION OF AN ENVIRONMENTAL POLICY MAY LEAD TO EXISTING PLANTS AND, IN HIGHLY EXCEPTIONAL CIRCUMSTANCES, NEW PLANTS BEING CONFRONTED WITH SPECIAL PROBLEMS WHICH MAY NECESSITATE FINANCIAL AID IF THE ENVIRONMENTAL POLICY OBJECTIVES ARE TO BE REALIZED WITHIN A PRESCRIBED AND SPECIFIED TIME. WITH RESPECT TO EXISTING PLANTS, THIS WOULD BE THE CASE, FOR EXAMPLE, IF THE APPLICATION OF THE REGULATIONS WOULD NECESSITATE SUBSTANTIAL TECHNICAL CHANGES IN THESE FACILITIES AND, AS A CONSEQUENCE, LEAD TO SIGNIFICANT ECONOMIC AND SOCIAL HARDSHIPS. WITH RESPECT TO BOTH EXISTING AND NEW PLANTS, THIS WOULD BE THE CASE IF RAPID IMPLEMENTATION OF EXCEPTIONALLY STRINGENT REGULATIONS REQUIRED TO DEAL WITH VERY SERIOUS POLLUTION PROBLEMS COULD NOT BE ACHIEVED WITHOUT FINANCIAL AID. ENVIRONMENTAL IMPROVEMENTS MAY THEREFORE BE ACCELERATED IF, IN THEIR INITIAL OR TRANSITIONAL EFFORTS TO REDUCE THEIR POLLUTION, POLLUTERS ARE GIVEN FINANCIAL ASSISTANCE.

AID PAYMENTS FOR SUCH PURPOSES, HOWEVER, WILL ONLY CONSTITUTE A VALID EXCEPTION TO THE POLLUTER PAYS PRINCIPLE IF THEY (1) ARE SELECTIVELY APPLIED ON THE BASIS OF INDIVIDUAL PLANT OR CASE-BY-CASE NEED, (2) FORM PART OF TRANSITIONAL ARRANGEMENTS WHOSE DURATION HAS BEEN LAID DOWN IN ADVANCE

(3) ARE THE SUBJECT OF ADVANCE NOTIFICATION TO THE MEMBER COUNTRIES, AND (4) DO NOT LEAD TO SIGNIFICANT DISTORTIONS IN INTERNATIONAL TRADE AND INVESTMENT. SUCH AID SHOULD ONLY BE GRANTED TO EXISTING PLANTS, I.E. THOSE ESTABLISHED BEFORE THE REGULATIONS DESIGNED FOR UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 184128

ENVIRONMENTAL PROTECTION WERE ADOPTED AND TO NEW PLANTS FACING EXCEPTIONALLY STRINGENT REGULATIONS WITHOUT THE POSSIBILITY OF AVAILING THEMSELVES OF A POLLUTION ABATEMENT TECHNOLOGY LESS COSTLY THAN THAT AVAILABLE TO EXISTING PLANTS.

B. TRANSITIONAL ARRANGEMENTS CAN ALSO INCLUDE TIMETABLE FOR PROGRESSIVELY TIGHTENING UP EMISSION STANDARDS AND RAISING SCALE OF CHARGES TO LEVELS REQUIRED TO REACH QUALITY OBJECTIVES.

C. AID GIVEN FOR PURPOSE OF STIMULATING EXPERIMENTATION WITH NEW POLLUTION CONTROL TECHNOLOGIES AND DEVELOPMENT OF NEW ABATEMENT EQUIPMENT, IS NOT INCONSISTENT WITH PPP, NOR IS AID TO PROMOTE RESEARCH AND DEVELOPMENT IN LINE

WITH OTHER ASPECTS OF GOVERNMENT POLICY.

D. WHERE MEASURES TAKEN TO PROMOTE A COUNTRY'S SPECIFIC SOCIO-ECONOMIC OBJECTIVES WOULD HAVE THE INCIDENTAL EFFECT OF PROVIDING AID FOR POLLUTION CONTROL PURPOSES, THE GRANTING OF SUCH AID WOULD NOT BE INCONSISTENT WITH PPP.

3. THAT, IF NECESSARY, USE BE MADE OF CONSULTATION PROCEDURE AS MENTIONED IN GUIDING PRINCIPLES.

III. INVITES ENVIRONMENT COMMITTEE TO REPORT TO COUNCIL ACTION TAKEN PURSUANT TO THIS RECOMMENDATION." END TEXT.

PLEASE ADVISE AS TO REACTIONS. AS ALTERNATE WE WOULD FAVOR VERY BRIEF ACTION PROPOSAL REAFFIRMING PPP THAT WOULD INCLUDE ALL THE INTERPRETATIVE MATERIAL CONCERNING REASONABLE EXCEPTIONS, AS AN APPENDIX (I.E., MATERIAL IN SUBPARAGRAPHS 2A THROUGH D AND PARAGRAPH 3). KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
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**Copy:** SINGLE  
**Draft Date:** 22 AUG 1974  
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**TAGS:** SENV, OECD  
**To:** OECD PARIS MULTIPLE  
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